

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 SS-15 STR-05 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 L-03 H-01 PA-01 PRS-01 NEA-10 IO-13
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FM AMEMBASSY MANILA
TO SECSTATE WASHDC 7112

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USADB

PASS TREASURY FOR BRADFORD/ESCOUBE

E. O. 11652: NA
TAGS: EAID, EFIN
SUBJECT: ADB LOAN AND TA OPERATIONS FOR DECEMBER - HUMAN RIGHTS

FOLLOWING ARE DESCRIPTIONS OF LOAN AND TECHNICAL ASSISTANCE
PROJECTS TENTATIVELY EXPECTED TO COME BEFORE ADB BOARD OF
DIRECTORS IN DECEMBER.

1. MEGHNA-DHONAGODA IRRIGATION PROJECT (BANGLADESH) (\$24.5
MILLION LOAN):

A. PROJECT PROVIDES FOR CONSTRUCTION OF FLOOD EMBANK-
MENT TO PROTECT GROSS AREA OF 47,000 ACRES, IRRIGATION AND
DRAINAGE SYSTEM FOR 37,300 ACRES INCLUDING FARM FACILITIES,
AND AGRICULTURAL AND FISHERIES DEVELOPMENT.

B. IT IS ENVISAGED THAT INCREMENTAL PADDY PRODUCTION
IN PROJECT AREA WILL BE ABOUT 65,000 TONS ANNUALLY; AS MANY
AS 30,000 FARMERS WILL DIRECTLY BENEFIT FROM THE PROJECT.

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SUBSTANTIAL EMPLOYMENT WILL BE CREATED DURING CONSTRUCTION
PERIOD AND AGRICULTURAL DEVELOPMENT PHASE, WHILE INLAND
FISHERY DEVELOPMENT WILL ALSO PROVIDE PROTEIN TO POPU-
LATION AND ADDITIONAL INCOME TO LANDLESS LABORERS.

2. SAGARNATH FORESTRY PROJECT (NEPAL) (\$2.0 MILLION LOAN):

A. PURPOSE OF PROJECT IS TO SUPPLY RAW MATERIALS FOR

NEPAL'S SAW-MILLING INDUSTRY AND MEET BULK OF INDUSTRIAL FUELWOOD NEEDS IN JANAKPUR AREA.

B. PROJECT WILL PROVIDE EMPLOYMENT FOR 770 PEOPLE IN A REGION WHERE SEASONAL UNEMPLOYMENT AND UNDER-EMPLOYMENT IS A MAJOR PROBLEM. PROJECT WILL ALSO PROVIDE OPPORTUNITY OF AUGMENTING LAND AREA AVAILABLE TO THE LOCAL AGRICULTURAL COMMUNITY AT VERY LOW COST IN ADDITIONAL ORGANIZATIONAL INPUTS, AND THEREBY AN INCREASE IN AGRICULTURAL INCOME. NEED FOR RENEWAL OF FORESTS OF THE TERA AND EVENTUALLY OTHER FOREST AREAS OF NEPAL IS A MATTER OF RAPIDLY ESCALATING URGENCY. CREATION OF RENEWABLE INDUSTRIAL AND FUELWOOD SUPPLIES IN THIS LOCATION WILL ALLEVIATE PRESSURE TO COLLECT TIMBER FROM ADJOINING SIWALIK HILLS AND THUS REDUCE RISK OF DESTRUCTION OF PROTECTIVE FOREST COVER AND CONSEQUENTIAL EROSION.

3. AQUACULTURE DEVELOPMENT PROJECT (BANGLADESH) (\$18.0 MILLION LOAN):

A. PROJECT COMPRISES: (I) FRESH WATER AQUA-CULTURE, (II) ESTUARINE AND COASTAL MARINE FISHERIES AND (III) REQUIRED INFRASTRUCTURE AND ONSHORE FACILITIES.

B. PROJECT WILL PROVIDE A CONSIDERABLE NUMBER OF NEW EMPLOYMENT OPPORTUNITIES. AT FULL DEVELOPMENT, IT IS ESTIMATED THAT PROJECT LIMITED OFFICIAL USE

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WILL PROVIDE GAINFUL EMPLOYMENT OF ABOUT 3,900. IN ADDITION, IT IS ESTIMATED THAT SINCE PROJECT INVOLVES EXTENSIVE USE OF LABOR-INTENSIVE TECHNIQUES DURING CONSTRUCTION PERIOD, OVER 50 PERCENT OF PROJECT'S LOCAL CURRENCY COST OF ABOUT TK.173 MILLION (WITHOUT PRICE CONTINGENCIES OR TAXES) WILL BE PAID TO UNSKILLED LABORERS. THIS WILL GENERATE ABOUT 9 MILLION MAN-DAYS OF DIRECT EMPLOYMENT DURING FIVE-YEAR CONSTRUCTION PERIOD, PROVIDING AN AVERAGE OF OVER 6,000 FULL-TIME JOBS ANNUALLY FOR FIVE YEARS. MOREOVER, IN THAT LANDLESS LABORERS REPRESENT POOREST SECTOR OF PROJECT AREAS' POPULATION, THIS WOULD SIGNIFICANTLY REDUCE INCOME DISPARITIES.

AS A RESULT OF PROJECT, AVERAGE ANNUAL NET INCOME OF FISH AND/OR SHRIMP FARMERS FROM ONE HA. OPERATION WILL BE AS FOLLOWS: FOR FRESH-WATER SHRIMP FARMERS - ABOUT TK.27,000; FOR FISH PEN OPERATORS - ABOUT TK.48,000; FOR FISH CAGE OPERATORS - ABOUT TK.28,000. INCREASED PRODUCTION OF FISH AS ENVISAGED UNDER PROJECT (ABOUT 4 PERCENT OF TOTAL REQUIRED NATIONAL FISH DEMAN IN 1983/84) WILL PROVIDE PROTEIN REQUIREMENT OF 3.7 MILLION PEOPLE.

4. COCONUT OIL MILL (WESTERN SAMOA) (\$2.2 MILLION

LOAN AND \$70,000 TA):

A. COCONUT OIL MILL TO BE ESTABLISHED WILL HAVE AN EXTRACTION CAPACITY OF 15,000 TONS OF COPRA PER ANNUM TO PRODUCE ABOUT 9,000 TONS OF CRUDE COCONUT OIL AND ABOUT 4,750 TONS OF PELLETS. CRUDE COCONUT OIL AND PELLETS WILL BE FOR EXPORT.

B. AT START OF ITS COMMERCIAL OPERATIONS, PROJECT WILL PROVIDE AT LEAST 53 ADDITIONAL EMPLOYMENT POSITIONS IN INDUSTRIAL SECTOR OF WESTERN SAMOA. OVER 50 PERCENT OF THESE OPENINGS WILL BE FOR PERSONNEL WITH MANAGEMENT, FINANCIAL, TECHNICAL AND SKILLS TRAINING AND EXPERIENCE. IN VIEW OF FACT THAT THIS IS FIRST INDUSTRIAL PROJECT OF SUCH A SIZE AND LEVEL OF TECHNOLOGY IN WESTERN SAMOA, NEW LIMITED OFFICIAL USE

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TECHNOLOGICAL EXPERTISE BY WAY OF OPERATING AND MAINTAINING PLANT WILL BE TRANSFERRED TO AN ECONOMY WHICH HAS, SO FAR, APART FROM ITS DOMINANT AGRICULTURAL SECTOR, BEEN EXPOSED TO ONLY VERY SMALL PRODUCTION UNITS SUCH AS SOAP, GARMENT, ICE CREAM, BISCUITS, ETC.

5. SMALL SCALE INDUSTRIAL CENTER (TONGA) (\$300,000 LOAN):

A. MODES INDUSTRIAL CENTER IS TO BE ESTABLISHED ON A 12-ACRE LAND CLOSE TO NUKU'ALOFA TO ACCOMMODATE ABOUT 10 SMALL FACTORIES AND SHOPS PRODUCING IMPORT SUBSTITUTION OF BASIC NECESSITIES.

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PASS TREASURY FOR BRADFORD/ESCOUBE

B. ALTHOUGH THERE ARE SIGNIFICANT CONSTRAINTS TO DEVELOPMENT OF MANUFACTURING INDUSTRY IN TONGA, THEREIS, IN CONTEXT OF DIVERSIFICATION OF TONGAN ECONOMY AND CREATION OF JOB OPPORTUNITIES FOR UNEMPLOYED AND UNDER-EMPLOYED, A NEED TO PROMOTE INDUSTRIAL DEVELOPMENT IN TONGA. PROPOSED SMALL INDUSTRIES CENTER PROJECT WILL HELP PROVIDE DEVELOPED INDUSTRIAL SITES WITH ADEQUATE SUPPORTING SERVICE FACILITIES TO FACILITATE THE ESTABLISHMENT OF NEW INDUSTRIES. PROPOSED SMALL INDUSTRIES CENTER WOULD ENABLE POTENTIAL TONGAN INDUSTRIES TO SHARE COMMON SERVICE FACILITIES, AND THUS HELP REDUCE COSTS FOR ESTABLISHMENT OF INDUSTRIES.

6. CHASHMA IRRIGATION PROJECT (PAKISTAN) (\$24.0 MILLION LOAN AND \$150,000 TA):

A. PROJECT PROVIDES FOR CONSTRUCTION OF IRRIGATION CANALS AND DISTRIBUTORIES IN NORTHWEST FRONTIER PROVINCE
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AND PUNJAB BASED ON WATER AVAILABLE FROM INDUS RIVER.

B. MAIN BENEFICIARIES OF PROJECT WILL BE THE 18,000 FARM FAMILIES IN PROJECT AREAS WHOSE PRESENT INCOME IS INADEQUATE TO SUPPORT EVEN A MODEST STANDARD OF LIVING. NET INCOME PER ANNUM OF A TYPICAL FARM OF 13 ACRES IS EXPECTED TO INCREASE FROM RS. 450 (BARANI) AND RS. 2,477 (IRRIGATED) TO RS. 11,896 WITH PROJECT. PROJECT WILL CREATE EMPLOYMENT OPPORTUNITIES FOR ABOUT 11 MILLION MAN-DAYS DURING ITS FIVE YEAR CONSTRUCTION PERIOD. IN ADDITION, EMPLOYMENT OPPORTUNITIES OF ABOUT 29 MILLION MAN-DAYS WILL BE AVAILABLE FROM INCREASED PRODUCTION RESULTING FROM PROJECT PER YEAR.

7. AGRICULTURAL DEVELOPMENT PROJECT (WESTERN SAMOA) (\$3.0 MILLION LOAN AND \$150,000 TA):

A. PROJECT AIMS TO REHABILITATE EXISTING AGRICULTURAL ESTATES, IMPROVE INFRASTRUCTURE, RENOVATE AND REPLACE FACILITIES AND PROVIDE FERTILIZER AND TO ESTABLISH NEW PLANTATIONS.

B. WHEN WESTERN SAMOA TRUST ESTATES CORPORATION HAS BEEN REHABILITATED ALONG THE LINES PROPOSED IN THIS PROJECT, IT WILL BE ABLE TO ASSIST SMALLHOLDERS BY (A) HELPING TO PROCESS THEIR CACAO INTO A HIGH QUALITY PRODUCT, (B) PROVIDING SMALLHOLDERS WITH PLANTING MATERIAL, (C) PROVIDING LIVESTOCK FOR SMALLHOLDER CATTLE FARMS AND (D) PROVIDING PRACTICAL DEMONSTRATIONS OF IMPROVED TECHNIQUES OF AGRICULTURAL PRODUCTION. ESTIMATED INCREMENTAL LABOR DEMAND DURING PROJECT IMPLEMENTATION IS ABOUT 50,000 MAN DAYS AND THE RECURRING REQUIREMENT FOR OPERATION AND MAINTENANCE OF PROJECT LIMITED OFFICIAL USE

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FACILITIES ABOUT 38,000 MAN DAYS PER YEAR.

8. AGUS 5 HYDROPOWER PROJECT (PHILIPPINES) (\$26.0 MILLION LOAN):

A. PROJECT PROVIDES FOR CONSTRUCTION OF A 55 MW HYDRO-GENERATION STATION ON AGUS RIVER IN SOUTHERN ISLAND OF MINDANAO WITH AN AVERAGE ANNUAL POWER GENERATION OF 313 GWH.

B. THE PROJECT WOULD BE A PART OF THE COMPREHENSIVE AGUS RIVER DEVELOPMENT FOR HYDROPOWER WITH 7 POWER STATIONS TALLING AN INSTALLED CAPACITY OF 900 MW. POWER GENERATED WOULD BE FED INTO THE MINDANAO GRID AND WILL ASSIST ECONOMIC DEVELOPMENT OF THE REGION BY MAKING POWER AVAILABLE FOR INDUSTRIE, PUBLIC SERVICES AS WELL AS DOMESTIC AND OTHER CONSUMERS INCLUDING SPREAD OF RURAL ELECTRIFICATION THROUGH RURAL COOPERATIVES. SINCE OUTPUT OF PROJECT WOULD BE POOLED WITH THAT OF OTHER PROJECTS, IT IS NOT POSSIBLE TO IDENTIFY BENEFICIARIES OF THIS PROJECT AS SUCH SEPARATELY OR TO ESTIMATE INCREASE IN INCOMES ATTRIBUTABLE TO THIS PROJECT.

9. HIGHLANDS ROAD IMPROVEMENT PROJECT (PAPUA NEW GUINEA) (\$15.0 MILLION LOAN):

A. THE PROJECT ENVISAGES IMPROVEMENT AND PAVING OF THE ERAP-KASSAM STRETCH (112 KILOMETERS) OF THE HIGHLANDS ROAD, WHICH IS A MAJOR TRANSPORT ARTERY OF PAPUA NEW GUINEA AS IT PROVIDES THE ONLY OVERLAND CONNECTION BETWEEN COUNTRY'S MAIN DEEPWATER PORT AT LAE AND THE DENSELY POPULATED HIGHLANDS REGION. REGION COVERS AN AREA OF 49,600 SQUARE KILOMETERS (ABOUT 11 PERCENT OF THE COUNTRY'S LAND AREA), WITH ABOUT 1.2 MILLION INHABITANTS OR NEARLY 40 PERCENT OF THE NATION'S TOTAL POPULATION. THE REGIONAL POPULATION IS MAINLY ENGAGED IN AGRICULTURAL PURSUITS, INCLUDING COFFEE PRODUCTION, WITH AN ESTIMATED 135,000 LIMITED OFFICIAL USE

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SELF-EMPLOYED SMALLHOLDERS AND 30,000 WAGE EARNERS.

B. MOST OF PROJECT BENEFITS ARE EXPECTED TO BE IN TERMS OF REDUCED TRANSPORT COSTS FOR THE STEADILY INCREASING THROUGH TRAFFIC BETWEEN LAE PORT AND THE HIGHLANDS, THE POPULATION OF WHICH AS A WHOLE IS EXPECTED TO BENEFIT FROM THE PROPOSED ROAD IMPROVEMENTS. IN 1981, THE OPENING YEAR OF THE PROJECT, TOTAL TRANSPORT COST SAVINGS ARE ESTIMATED AT 3 MILLION KINA, PART OF WHICH WOULD HOPEFULLY BE PASSED ON TO VARIOUS CATEGORIES OF TRANSPORT USERS AND CONSUMERS IN THE AREA (ON THE ASSUMPTION THAT LOWER TRANSPORTATION COSTS MAY BE REFLECTED IN LOWER FARES AND FREIGHT RATES). SINCE THE TRAFFIC COMPOSITION ON THE PROJECT ROAD IS COMMERCIALLY-ORIENTED AND ABOUT 55 PERCENT OF THE TRAFFIC CONSISTS OF VARIOUS TYPES OF PUBLIC CARRIER TRUCKS, ROAD IMPROVEMENT WOULD LARGELY BENEFIT LOW INCOME GROUPS OF OPERATORS AND USERS OF PUBLIC TRANSPORT.
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Message Attributes

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